



Seller reputation or product presentation? An empirical investigation from cue utilization perspective



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ABSTRACT

This study examines the interaction effects of two types of cues in different scopes (i.e., seller reputation as a high-scope cue and product presentation as a low-scope cue) on consumer product quality evaluation, under different involvement situations. Drawing on the cue utilization theory and involvement-related literature, we propose that cues used in people's decision making processes are contingent on product involvement. Through the conduction of behavioral experiments with eye-tracking technology, the findings show that, under high-involvement situations, both seller reputation and product presentation significantly and independently influence product quality evaluation while their interaction effect does not. While under low-involvement situations, seller reputation significantly influences the product evaluation and moderates the effect of product presentation on consumer product quality evaluation. The effect of product presentation on product evaluation is weakened by seller reputation. The findings, to some extent, are reinforced by the eye-tracking data through the trace and analysis of fixation count and fixation time. Theoretical and practical implications are discussed.

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1. Introduction

With the rapid development of electronic commerce, online sellers have been facing increasingly fierce competition in order to persuade potential consumers. Differentiating from traditional offline markets like Wal-Mart where consumers can touch and try out a product before purchase, it is relatively difficult for an online seller to provide such types of special service to consumers (Haubl & Trifts, 2000). In the online environment, even if two physical products are absolutely the same, they can be perceived as being largely different when they are presented with varying richness or sold by sellers with distinct reputation levels. Therefore, online sellers have to resort to online information cues to increase consumers' perception of the product quality. This interesting research topic attracts significant attention from both researchers and practitioners.

Two typical types of information prominently available to potential consumers are user-generated content (Ghose, 2009; Goes, Lin, & Au Yeung, 2014) and seller-generated information (Bickart & Schindler, 2001; Goh, Heng, & Lin, 2013). User-generated

content refers to evaluations, opinions, and suggestions that come from other users based on their own purchasing or using experience; while seller-generated information typically refers to the information that comes from the seller, which includes the product description information, product promotion advertising, and so forth. Two main manifestations of these kinds of information that are relevant to our study are product presentation (seller-generated information) and seller reputation (user-generated information). In this study, we focus on examining the effects of these two types of information for the following reasons.

First, although either the user-generated content or seller-generated information has been widely investigated in the extant literature and a series of interesting findings has been uncovered in relation to their significant roles in influencing consumers' judgment and decision making (e.g., Dellarocas, 2006; Kuan, Hui, Prasarnphanich, & Lai, 2015; Kwark, Chen, & Raghunathan, 2014; Oestreich-Singer & Zalmanson, 2013), little is understood regarding whether these two types of information can have an interactive impact. The examination of whether these two types of information can be interactive in influencing consumers' evaluation is especially imperative and essential. Second, according to the cue utilization theory (Rao & Monroe, 1988; Slovic & Lichtenstein, 1971), seller reputation and product presentation are typically conceptualized as high versus low-scope cues. However, extant empirical stud-

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ies with respect to this theory imply some inconsistent findings. Some studies have suggested that a high-scope cue can either facilitate or inhibit a low-scope cue by changing the latter's diagnosticity (Akdeniz, Calantone, & Voorhees, 2013; Miyazaki, Grewal, & Goodstein, 2005; Purohit & Srivastava, 2001); while others reveal that, when faced with multiple cues, individuals rely more on the high-scope cue to make decisions, and the influence of other cues is attenuated (Hu, Wu, Wu, & Zhang, 2010; Utz, Kerkhof, & van den Bos, 2011). Therefore, the reconsideration of the ways in which high- versus low-scope information can have an impact in this specific research context is valuable. Third, as suggested by the scholars like Snape and Redman (2010) and Salvato and Rerup (2011), the consideration of factors on different levels and their related relationships would make research interesting. Therefore, in our study, we take both the seller level information (i.e., seller reputation) and the product level information (i.e., product presentation) into consideration and seek to explore the potential interactive effects of these factors on different levels. Fourth, past studies have revealed that different types of information would be biasedly used by consumers in judgment or decision making when they are in different involvement levels (e.g., Chaiken & Maheswaran, 1994; Sussman & Siegal, 2003), while research into whether the involvement have an impact on consumers in processing high- versus low-scope information cues remains overlooked. This also leads us to explore the potential impact of consumer involvement in influencing the processing of high- and low-scope information cues.

This study seeks to answer the following question: can product presentation and seller reputation be interactive in influencing consumers' evaluations of product quality, under the conditions of high- versus low-involvement? Based on the cue utilization theory and the involvement-related literature, we propose that under different involvement situations, seller reputation can differently moderate the effect of product presentation on product quality evaluations. Through the conduction of an eye-tracking experiment, the findings of this study greatly contribute to the current literature in the following ways. First, this study, as an initial attempt, explores whether product presentation and seller reputation, as seller-generated and user-generated information cues, can be interactive in influencing consumers' product quality evaluation, thus extending the current understanding on their independent effect (e.g., Jiang & Benbasat, 2007). Second, through the revisiting of the cue utilization theory which previously emphasized examining the ways in which high versus low-scopes work interactively (Akdeniz et al., 2013; Miyazaki et al., 2005; Purohit & Srivastava, 2001), the findings of this study extend current understanding from a new perspective that consumers' different involvement in information processing can be an important factor in affecting their utilization of information cues. In addition, this research, to some extent, reconciles the previously inconsistent findings regarding the effects of high and low-scope information on people's evaluations, thus extending the theoretical boundary. Third, unlike single self-report method traditionally used in e-business studies, this study also employs the eye-tracking method to provide unobtrusive and objective measures to explore the effects of these two types of information cues (i.e., seller reputation and product presentation) on consumers' attention, which provides additional evidences with both the objective and subjective data.

2. Theoretical background and hypotheses

2.1. Online product presentation and seller reputation

In online markets where products cannot be directly observed and physically examined, consumers generally experience a high degree of uncertainty, and it is more difficult for them to make

inferences about product quality (Pavlou, Liang, & Xue, 2007). Thus, consumers are more likely to apply information cues to assess product quality in online environments (Wells, Valacich, & Hess, 2011). Two types of information cue, that is: product presentation (one reflection of seller-generated information); and seller reputation (one manifestation of user-generated content), are largely attracting researchers' attention, and have been recognized as having a great impact on customer decision making (Gregg & Walczak, 2008; Park, Lennon, & Stoel, 2005; Yoo & Kim, 2014).

Scholars have typically conceptualized product presentation as a specific communication media which is used to communicate with potential customers and disseminate relevant information to them (Walter, Ortbach, & Niehaves, 2015). According to the media richness theory (Daft & Lengel, 1986), media with different levels of richness have differing impacts on consumers in terms of communication effectiveness. Prior research has demonstrated that the presentation richness of online product demonstrations can lead to better product understanding (Jiang & Benbasat, 2007) and reduce the perception of product quality uncertainty (Dimoka, Hong, & Pavlou, 2012; Mavlanova & Benbunan-Fich, 2010). Since the multimedia format is still in the early stages of development and it is not overly useful in enhancing the diagnosticity of product descriptions (Dimoka et al., 2012), this research will focus on two types of product presentation: textual description, and pictures with text description, which have different information richness. Prior research has shown that pictures are more informative than text (Dimoka et al., 2012; Ottaway, Bruneau, & Evans, 2003) and can be more reliable for assessing product quality (Bone & France, 2001).

Due to the uncertainty and risk of online transactions, seller reputation is considered as an important factor signaling unobservable product quality to consumers and influencing buyer decisions (Gregg & Walczak, 2008; Wu, Huang, & Fu, 2011). Most e-commerce websites have set up a reputation mechanism that allows buyers to rate the seller and apply this feedback information from buyers to establish seller reputation. For example, the feedback mechanism of Taobao.com¹ is the primary means through which transactions are facilitated among strangers over the Internet. The information retrieved from this kind of reputation system helps buyers to understand prospective sellers' trustworthiness and can enhance conviction in conducting online transactions (Wu et al., 2011). This seller reputation cue is always displayed at prominent locations of a retail website. Past research into online transactions has consistently demonstrated that the seller's reputation can positively impact the buyer's willingness to pay (McDonald & Slawson, 2002; Melnik & Alm, 2005), decrease buyers' perceived risk, and increase their favorable attitude toward the website.

Although product presentation and seller reputation have received significant academic attention, the role of these two cues with different source-generated has largely been examined in isolation in previous research. The joint effects between them on product quality perception have rarely been discussed. However, understanding how these cues simultaneously affect quality perceptions is of increasing importance as consumers usually process one product cue in relation to another (Akdeniz et al., 2013). In addition, based on previous advocates who suggest that consumers in different levels of involvement would process information differently, we further consider whether the interactive effects of product presentation and seller reputation on product quality evaluation would be impacted by consumers' involvement.

¹ Taobao (www.taobao.com) is the biggest online shopping website in China.

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